

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Shrewsbury Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 23, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule is effective in FY21.

The System used a 7.50% investment return assumption in this valuation, the same as in 2018. We have generally recommended an assumption of between 6.90% and 7.15% for our 2020 local system valuations. For comparison, there are currently 74 systems using an assumption of less than 7.50%. Of these, 32 have adopted an assumption of less than 7.25%. The 7.5% assumption is in the high end of our reasonable range for this assumption as of January 1, 2020.

We are available to discuss these issues further. If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Appropriation Forecast

Fiscal Year	Employee Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**
2021	\$26,158,858	\$2,341,327	\$584,522	\$4,317,874	\$4,902,396	18.7	92.8
2022	\$27,205,212	\$2,457,168	\$584,549	\$2,715,451	\$3,300,000	12.1	95.6
2023	\$28,293,421	\$2,578,530	\$583,643	\$2,716,357	\$3,300,000	11.7	97.0
2024	\$29,425,158	\$2,705,669	\$581,729	\$2,657,333	\$3,239,062	11.0	98.5
2025	\$30,602,164	\$2,838,854	\$578,728	\$0	\$578,728	1.9	100.0
2026	\$31,826,251	\$2,978,365	\$574,557	\$0	\$574,557	1.8	100.0
2027	\$33,099,301	\$3,124,494	\$569,125	\$0	\$569,125	1.7	100.0
2028	\$34,423,273	\$3,277,549	\$562,340	\$0	\$562,340	1.6	100.0
2029	\$35,800,203	\$3,437,848	\$554,101	\$0	\$554,101	1.5	100.0
2030	\$37,232,212	\$3,605,728	\$544,304	\$0	\$544,304	1.5	100.0
2031	\$38,721,500	\$3,781,537	\$532,836	\$0	\$532,836	1.4	100.0
2032	\$40,270,360	\$3,965,642	\$519,580	\$0	\$519,580	1.3	100.0
2033	\$41,881,174	\$4,158,424	\$504,411	\$0	\$504,411	1.2	100.0
2034	\$43,556,421	\$4,360,284	\$487,197	\$0	\$487,197	1.1	100.0
2035	\$45,298,678	\$4,571,640	\$467,798	\$0	\$467,798	1.0	100.0
2036	\$47,110,625	\$4,792,928	\$446,069	\$0	\$446,069	0.9	100.0
2037	\$48,995,050	\$5,024,604	\$421,852	\$0	\$421,852	0.9	100.0
2038	\$50,954,852	\$5,267,145	\$394,985	\$0	\$394,985	0.8	100.0
2039	\$52,993,047	\$5,521,050	\$365,293	\$0	\$365,293	0.7	100.0
2040	\$55,112,768	\$5,786,841	\$332,594	\$0	\$332,594	0.6	100.0
2041	\$57,317,279	\$6,018,314	\$345,898	\$0	\$345,898	0.6	100.0
2042	\$59,609,970	\$6,259,047	\$359,733	\$0	\$359,733	0.6	100.0
2043	\$61,994,369	\$6,509,409	\$374,123	\$0	\$374,123	0.6	100.0
2044	\$64,474,144	\$6,769,785	\$389,088	\$0	\$389,088	0.6	100.0
2045	\$67,053,110	\$7,040,577	\$404,651	\$0	\$404,651	0.6	100.0
2046	\$69,735,234	\$7,322,200	\$420,837	\$0	\$420,837	0.6	100.0
2047	\$72,524,643	\$7,615,088	\$437,671	\$0	\$437,671	0.6	100.0
2048	\$75,425,629	\$7,919,691	\$455,178	\$0	\$455,178	0.6	100.0
2049	\$78,442,654	\$8,236,479	\$473,385	\$0	\$473,385	0.6	100.0
2050	\$81,580,360	\$8,565,938	\$492,320	\$0	\$492,320	0.6	100.0
2051	\$84,843,575	\$8,908,575	\$512,013	\$0	\$512,013	0.6	100.0
2052	\$88,237,318	\$9,264,918	\$532,493	\$0	\$532,493	0.6	100.0

* Calendar basis

** Beginning of Fiscal Year